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Box: 1282  
Folder: Iran 6/14/72 -  
9/30/72

NATIONAL SECURITY COUNCIL

ACTION  
LDX #423

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June 28, 1972

MEMORANDUM FOR:

DR. KISSINGER

FROM:

HAROLD H. SAUNDERS *Hal*

SUBJECT:

Message to the Shah on the Oil Settlement--  
Telegram for Clearance

Peter Flanigan recommends a Presidential telegram to the Shah of Iran commending him for the manner in which the Shah concluded the recent negotiations with the oil consortium. This idea was suggested by Mr. Jamieson, Chairman of Standard Oil of New Jersey and negotiator with the Shah.

At Tab A is a memorandum for the President seeking his approval of this message. If the President approves the memo at Tab A, then the telegram at Tab B should be cleared.

RECOMMENDATION: That you seek the President's approval of the attached message for dispatch before your departure for California. To be timely, it should arrive this week.

*I informed H/for  
Pres.*

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MEMORANDUM FOR: THE PRESIDENT

FROM: HENRY A. KISSINGER  
PETER FLANIGAN

SUBJECT: Message to the Shah on the Oil  
Settlement

The Shah of Iran last week reached agreement with the members of the oil consortium on a variety of measures to increase oil production in Iran, to increase Iran's overall oil income, to increase Iran's direct involvement in the petroleum operation and to extend the companies' role in Iran for another fifteen years beyond 1979 with periodic review. The negotiations were tough, but the main point from our vantage is that these negotiations were conducted in a responsible way. In addition, the Shah has taken a different direction from the other oil producing nations, thus weakening the position of OPEC in its negotiations with the oil companies.

Ken Jamieson, Chairman of Standard Oil of New Jersey, and chief negotiator with the Shah suggested this to Flanigan. This suggestion is supported both here and in the State Department, that a message from you to the Shah commending the manner in which these negotiations were carried out would be an appropriate gesture. This would not require you to make any judgment on the terms of the settlement but would simply follow up your discussion with him on the necessity of preserving stability in the flow of oil by letting the Shah know that you have noted his contribution.

RECOMMENDATION: That you approve dispatch of the following message to the Shah:

"It was with great satisfaction that I learned of the successful conclusion of negotiations between your government and the oil consortium member companies. Your efforts to establish a new

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framework for your future relations have been of great interest to me and I have been most impressed by the seriousness of purpose and the pragmatic approach that have characterized the attitudes and positions of both sides. I sincerely hope that the mutual respect and confidence that both sides exhibited in the negotiations will continue to characterize your relations and that this agreement will be the basis for further cooperation to the mutual benefit of all parties concerned. With warm personal regards."

Mr. Price has cleared the text.

Approve

AK Jue RN

Other

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